

**2009 EXTRAORDINARY SESSION**  
**Gov. Beshear's Economic Incentives Proposal**

- Amend Kentucky Reinvestment Act to assist existing business.
  - Upgrade facility (Not routine replacement.)
  - 85% Retention of Jobs.
  - \$2.5 million Minimum Investment.
  - Company recovers up to 50% equipment cost and 100% training cost.
  - Income Tax Credit.
- Consolidation of Existing Tax Credit Incentives.
  - All types of projects (manufacturing, service and technology, agribusiness, headquarters) in one program with flexible terms.
  - 10-job Minimum.
  - \$100,000 Minimum Investment.
  - Enhanced Incentive Counties.
  - Enhanced Incentive County benefits
    - Higher wage assessment without local contribution,
    - 15 year term, lower wage minimum, and equipment expense recover unlimited,
    - Wage Rate 175% federal minimum in non enhanced and 150% federal minimum in enhanced.
  - Advance Disbursement for Mega Projects (\$500M).
  - All projects eligible for both wage assessment and income tax credit.
- Tax Credit for Metropolitan College Program.
  - Replaces current appropriation with tax credits.
  - Recover tuition costs and expenses paid by UPS on behalf of employees.
  - Sunset 2014.
- Amend Kentucky Enterprise Initiative Act. (KEIA).
  - Electronic processing equipment purchases become eligible for sales tax reimbursement.
  - Electronic processing included in R&D cap of \$5 million annually.
  - No fiscal impact.

- Historic Preservation Program.
  - Total income tax credit cap is increased from \$3M up to \$5M.
  - Credit is refundable or transferrable.
- Sales Tax reimbursement for communications & computer systems.
  - Minimum expenditure \$100M.
- Amend Tourism Development Act.
  - Significant cleanup of language.
  - Increased recovery to 50% of approved cost for private lodging built on Kentucky Fair and Exposition Center property or federal recreational lands with 20 year recovery instead of 10.
  - Interagency analysis of impact allowed for non-profits (as opposed to third party which is more costly).
- NASCAR/ Legacy
  - Previously approved tourism development project.
  - Must invest \$30M in expansion and bring one premier event annually to the site.
  - Site must have seating capacity of 65,000 or more.
  - Recover 25% of approved cost and 100% of outstanding amount under previously approved project.
  - 10 year term and recover 1/10 annually with possible extension to 20 years.
- Film and Theater Production Income Tax Credits.
  - Recover up to 20% of approved cost.
  - Minimum investment:
    - \$50,000 for Documentaries
    - \$200,000 for Commercials,
    - \$500,000 for Feature Length Films
    - \$50,000 for Broadway production
  - Refundable, nontransferable, income tax credit.

- Project approved by Kentucky Film Office, Secretary of the Tourism, Arts and Heritage Cabinet and the Kentucky Tourism Development Finance Authority.
- Reporting to Govt. contract review.
  
- RR access to Industrial Road Access Fund.
  - RR crossings and spurs that access industrial parks deemed roads for purposes of qualifying for funds from industrial access road fund.
  
- Amendments to Tax Increment Financing Program.
  - Amends the definitions related to development area.
    - Will allow previously undeveloped area (as opposed to blighted urban area) to qualify for TIF incentives.
    - Project must be an arena with seating of 5,000.
  - Extension of Term for Local TIF
    - This is limited to Bowling Green Transpark.
    - Local only TIF and has no impact on state revenues.
  - Signature TIF
    - Reduces minimum investment for Signature TIF from \$200 M to \$150 M.
    - Applicant cannot receive increment until minimum investment is met.
    - Changes the timing of increment release, but should not change the costs approved for recovery.
  
- Limited exemption from parimutuel tax for particular horse racing events. (Breeders' Cup)
  - Host track for live 1 or 2 day international event in 2010.
  - Purses >\$15M qualify if agree to host it here again in future years.
  
- UK Authorization for Capital Projects.
  - Amends the enacted budget and authorizes expenditure of funds for Commonwealth Stadium and new UK Baseball Stadium.
  - Private funds used.
  - No state or university bond issues.

- Small Business Income Tax Credit.
  - Requires KEDFA to develop small business tax credit program.
  - Small business must have 50 or fewer employees.
  - To qualify:
    - Create one new job,
    - Maintain that job for 12 months, and
    - Spend at least \$5,000 on qualifying equipment.
  - Maximum credit for each business annually is \$25,000.
  - Program annual cap on income tax credit of \$3 M.
  
- Authorization for Hardin Co. to transfer or lease Glendale property (1550 acres) for NaatBatt project.
  - In 2002 KEDFA granted and loaned funds to Hardin Co. for purchase of the site with restrictions as to use.
  - Authorization for use requires legislative approval per the legal agreements.
  - The property value is being used as federal match to facilitate significant federal funding.
  - Other industry participants are expected to locate on the site near the project.